

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Pilot Grove Post Office
Pilot Grove, Iowa

Docket No. A2011-35

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(September 20, 2011)

On July 27, 2011, the Postal Regulatory Commission (Commission) received two appeal letters from Sylvan J. Nichting and Joan M. Nichting (Petitioners) objecting to the discontinuance of the Post Office at Pilot Grove, Iowa. The letters were postmarked July 18 and July 19, 2011, respectively. On August 1, 2011, the Commission issued Order No. 786, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 786, the administrative record was filed with the Commission on August 11, 2011. On September 1, 2011, the Petitioner filed a participant statement.¹ The Public Representative filed comments on September 9, 2011.² The Commission also received additional comments in the form of a letter from Ted J. Vonderhaar on August 5, 2011,³ and in the form of a letter from Petitioner Sylvan J. Nichting on August 22, 2011.⁴

The appeal received by the Commission on July 27, 2011, and subsequent comments, raises three main issues: (1) the effect on postal services, (2) the impact

¹ Participant Statement, September 1, 2011.

² Public Representative Comments, September 9, 2011.

³ Letter from Ted J. Vanderhaar, August 5, 2011.

⁴ Letter from Sylvan J. Nichting, August 22, 2011.

upon the Pilot Grove community, and (3) the economic savings expected to result from discontinuing the Pilot Grove Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,⁵ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Pilot Grove Post Office should be affirmed.

Background

The Final Determination To Close the Pilot Grove, IA Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the Pilot Grove Post Office provides EAS-11 level service to 20 Post Office Box customers, and no other delivery customers. FD at 1; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.⁶ The postmaster of the Pilot Grove Post Office retired on January 29, 2010. An employee from a neighboring office was installed as the temporary officer-in-charge (OIC). Upon implementation of the final determination, the temporary OIC will be reassigned or terminated.⁷ The average number of daily retail window transactions at the Pilot Grove Post Office is seven. Revenue has generally been moderate, but is on a sharp decline: \$141,426.00 in FY 2008 (369 revenue units); \$115,741.00 in FY 2009 (302 revenue

⁵ See 39 U.S.C. 404(d)(2)(A).

⁶ In these comments, specific items in the administrative record are referred to as "Item ____."

⁷ FD, at 6; Item No. 33, Proposal to Close the Pilot Grove, IA Post Office and Establish Service by Rural Route Service ("Proposal"), at 8.

units); and \$45,029.00 in FY 2010 (117 revenue units).⁸ The Pilot Grove Post Office has no meter or permit customers. FD at 1; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 1.

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the West Point Post Office, an EAS-16 level office located seven miles away, which has 125 available Post Office Boxes. FD at 1; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 1-3, 6-7. This service will continue upon implementation of the FD. FD at 1.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Pilot Grove Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to delivery customers of the Pilot Grove Post Office. Questionnaires were also available over the counter for retail customers at the Pilot Grove Post Office. FD at 1; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Pilot Grove Post Office, at 1. A letter from the Manager of Post Office Operations, Area 8 (Windsor Heights, IA) was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Pilot Grove Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the West Point

⁸ FD, at 1; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 1.

Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Pilot Grove Savings Bank for a community meeting on March 3, 2011, to answer questions and provide information to customers. FD at 1; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at 1, 7-8. Customers received formal notice of the Proposal and FD through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Pilot Grove Post Office, the Houghton Post Office, and the West Point Post Office from March 21, 2011 to May 22, 2011. FD, at 5; Item No. 33, Proposal, at 1, 7-8. The FD was posted at the Pilot Grove Post Office and the West Point Post Office starting on July 8, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.

In light of the postmaster vacancy, a minimal workload, declining office revenue,⁹ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹⁰ very little recent growth in the area,¹¹ minimal impact upon the community, and the expected financial savings,¹² the Postal Service issued the FD.¹³ Regular and effective postal services will continue to be provided to the Pilot Grove

⁹ See note 7 and accompanying text,

¹⁰ FD, at 1-4; Item No. 33, Proposal, at 1-5.

¹¹ FD, at 3; Item No. 16, Community Survey Sheet; Item No. 33, Proposal, at 2.

¹² FD, at 6; Item No. 17, Cost Analysis; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 8.

¹³ FD, at 7.

community in a cost-effective manner upon implementation of the final determination.
FD at 1.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Pilot Grove Post Office on postal services provided to Pilot Grove customers. The closing is premised upon providing regular and effective postal services to Pilot Grove customers.

The Petitioners, in their letters of appeal, allude to the issue of the effect on postal services of the Pilot Grove Post Office's closing, noting the convenience of the Pilot Grove Post Office and the importance of the Pilot Grove Post Office to their business. The Petitioners specifically express their concern over the Postal Service's failure to fill the postmaster vacancy at the Pilot Grove Post Office. Although filling a postmaster vacancy is not a factor that the statute requires the Postal Service to consider, the Postal Service did address the broader issue of staffing and workload at the Pilot Grove Post Office. Additionally, the more general concerns regarding the effect on postal services in Pilot Grove were considered by the Postal Service.

The Pilot Grove Post Office has a small workload because of the lack of mail volume and window transactions at the Pilot Grove Post Office. Item No. 33, Proposal, at 1. The Postal Service determines postmaster level and Post Office service hours by

analyzing the workload of a Post Office. The Pilot Grove Post Office serves 20 Post Office Box and zero general delivery customers. FD, at 1; Item No. 9, Worksheet for Calculating Workload Service Credit. The Pilot Grove Post Office has an average of seven daily retail window transactions. Item No. 10, Window Transaction Survey. Upon the implementation of the final determination, delivery and retail services will be provided by rural route delivery emanating from the West Point Post Office. The window service hours of the West Point Post Office are from 8 a.m. to 4:30 p.m., Monday through Friday, and 8:30 a.m. to 10 a.m. on Saturday, with 125 post office boxes available for rent. FD, at 1. In addition, customers may also receive retail service from the Houghton Post Office, located five miles away, where window service hours are from 8 a.m. to 4:15 p.m., Monday through Friday, and 8 a.m. to 9:15 a.m. on Saturday, with 52 post office boxes available for rent. FD, at 1.

The Postal Service has considered the impact of closing the Pilot Grove Post Office upon the provision of postal services to Pilot Grove customers. Rural route carriers will provide similar access to retail services, alleviating the need to travel to the Post Office. FD at 1-4; Item No. 23, Postal Customer Questionnaire Analysis, at 1-2; Item No. 33, Proposal, at 1-5.

The letter received by the Commission from Ted J. Vonderhaar, on behalf of the Pilot Grove Savings Bank, expresses concerns regarding the degree of service that the Bank, as a large-volume customer of the Pilot Grove Post Office, may receive via rural carrier. Mr. Vonderhaar also expresses concerns regarding the safety and security of the Bank's mail. As a general matter, the Postal Service considered the effect on the

postal services to the business community and concluded that the business community would not be adversely affected. FD at 2, Item No. 33, Proposal, at 2. More specifically, the Postal Service considered the potential effects on customers that had received special attention and assistance at the Pilot Grove Post Office. The Postal Service concluded that helpful service will continue to be provided both by the carrier and by staff at the West Point Post Office; special assistance for certain customers will be provided as needed. FD at 2-3, Item No. 33, Proposal, at 2.

The Postal Service also considered Mr. Vonderhaar's concerns about the security of the Bank's mail. Customers may place a lock on their mailboxes as a security measure. FD at 3, Item No. 33, Proposal, at 3. If there are additional mail security concerns, helpful service will be provided by the staff the West Point Post Office as well as by the carrier, and special assistance will be provided as needed. FD at 2-3, Item No. 33, Proposal, at 2.

Thus, the Postal Service has properly concluded that all Pilot Grove customers will continue to receive regular and effective service via rural route delivery.

Effect Upon the Pilot Grove Community

The Postal Service is obligated to consider the effect of its decision to close the Pilot Grove Post Office upon the Pilot Grove community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Pilot Grove is an unincorporated rural community located in Lee County. The Lee County Sheriff's Department provides police protection, with fire protection provided by the Lee County Fire Department. The community is not administered politically by any governmental body. FD, at 5; Item No. 33, Proposal at 6. The questionnaires completed by Pilot Grove customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Pilot Grove may travel elsewhere for other supplies and services, though there are several businesses located within Pilot Grove. See generally FD at 5; Item No. 22, Returned customer questionnaires and Postal Service response letters; Item No. 33, Proposal at 6.

The Petitioner's letter of appeal raises the issue of the effect of the closing of the Pilot Grove Post Office upon the Pilot Grove community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. FD, at 5-6; Item No. 33, Proposal at 6-7. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. FD, at 5-6; Item No. 33, Proposal, at 7. The record makes clear that the Postal Service is addressing this concern through preservation of the community identity by continuing the use of the Pilot Grove name and ZIP Code in addresses. FD at 5-6; Item No. 33, Proposal, at 6-7;

Communities generally require regular and effective postal services and these will continue to be provided to the Pilot Grove community. Carrier service is expected to be able to handle any future growth in the community. FD, at 3, Item No. 33, Proposal, at 2. The Postal Service noted that residents may continue to meet informally,

socialize, and share information at the other businesses, churches and residences in town. FD, at 5-6; Item No. 33, Proposal, at 7.

In addition, the Postal Service has concluded that nonpostal services provided by the Pilot Grove Post Office can be provided by the West Point Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 5; Item No. 33, Proposal, at 6.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Pilot Grove Post Office on the community served by the Pilot Grove Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Pilot Grove Post Office and would still provide regular and effective service. FD at 6, Item No. 20, Letter to Customer, at 1, Item No. 33, Proposal, at 8. The estimated annual savings associated with discontinuing the Pilot Grove Post Office are \$45,906.00. FD at 6; Item No. 33, Proposal, at 8.

The Petitioners' letters of appeal suggests that the Pilot Grove Post Office is profitable and should be maintained. Petitioners also have offered to reduce the rent that the Postal Service pays for its lease. The Postal Service has determined that rural route service is the most cost-effective solution for providing regular and effective service to the Pilot Grove community. Economic factors are one of several factors that

the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 6; Item No. 33, Proposal, at 8.

The Postal Service determined that carrier service is more cost-effective than maintaining the Pilot Grove postal facility and postmaster position. FD, at 6. Even with a reduction in rent, carrier service would be more cost-effective than maintaining the facility. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster retired on January 29, 2010. An employee from a neighboring office was installed as the temporary officer-in-charge (OIC). Upon implementation of the final determination, the temporary OIC will either be reassigned or terminated. The record shows that no other employee would be affected by this closing. FD, at 6; Item No. 15, Post Office Survey Sheet, at 1, Item No. 33, Proposal, at 8. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Pilot Grove Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Pilot Grove Post Office on the provision of postal services and on the Pilot Grove community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Pilot Grove customers. FD, at 1-4, Item No. 33, Proposal, at 1-5. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Pilot Grove Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Pilot Grove Post Office be affirmed.

Respectfully submitted,

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